



**MARION COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-83
September 10, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2001

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Marion, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Marion County was a financial and compliance audit of various county operating funds. The following concerns were noted:

- A state law, Section 50.333.12, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact their terms were increased from two years to four. Based on this law, in 1999 Marion County's Associate County Commissioners salaries were each increased approximately \$7,400 according to information from the county clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,800, for the two years ended December 31, 2000, should be repaid.

- Budgets were not prepared for some special revenue funds. In addition, the county did not appear to have a reasonable basis for the budgeted amounts for several funds. Budgeted projections clearly exceeded prior historical information and, as a result, the budgets lacked reasonableness and could not be used as a monitoring tool.
- The county's schedule of expenditures of federal awards contained various errors and omissions for the years ended December 31, 2000 and 1999. The schedule should be accurately prepared to ensure all federal awards are properly reported.

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- Bank balances are not reconciled to inmate account balances by the Sheriff's office. In addition, the numerical sequence of receipt slips are not accounted for, and the composition of receipt slips are not reconciled to the composition of deposits for the inmate account.

The audit also includes some matters related to the County Treasurer's and the Health Center's records and controls, upon which the county should consider and take appropriate corrective action.

Copies of the audit are available upon request.

MARION COUNTY, MISSOURI

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MARION COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Marion County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Marion County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Marion County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Marion County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Marion County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 7, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 7, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Douglas E. Brewer
Audit Staff:	Carl E. Zilch, Jr.
	A. Dailey
	Kate Petschonek



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Marion County, Missouri

We have audited the special-purpose financial statements of various funds of Marion County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 7, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Marion County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Marion County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Marion County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 7, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

MARION COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 611,459	3,338,550	3,281,363	668,646
Special Road and Bridge	124,861	1,294,514	1,312,803	106,572
Assessment	32,292	238,324	263,475	7,141
Law Enforcement Training	8,411	9,345	3,249	14,507
Prosecuting Attorney Training	710	1,651	1,268	1,093
Health Center	236,809	1,398,324	1,220,154	414,979
Capital Improvements Sales Tax	1,518	2,415,489	2,013,473	403,534
Prosecuting Attorney Delinquent Tax	21,392	9,683	15,309	15,766
Emergency Telephone Service (E-911)	267,394	409,308	399,338	277,364
Recorder's Preservation	30,363	11,970	0	42,333
Drug Enforcement	7,901	161	7,834	228
Veterans Road	1,522,385	760,237	1,218,881	1,063,741
L.E.P.C.	20,975	8,042	11,175	17,842
Election Services	217	5,242	3,222	2,237
Domestic Violence	7	2,478	2,484	1
Family Access	51	0	51	0
Associate Circuit Division, District 1, Interest	2,923	689	0	3,612
Associate Circuit Division, District 2, Interest	3,046	898	142	3,802
Probate Division, District 2, Interest	1,448	104	0	1,552
Juvenile Justice Center	4,834	129,216	129,063	4,987
Law Library	874	7,899	8,295	478
Circuit, District 1, Interest	18,684	1,239	567	19,356
Circuit, District 2, Interest	25,054	15,645	4,611	36,088
Total	\$ 2,943,608	10,059,008	9,896,757	3,105,859

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MARION COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 296,798	3,310,574	2,995,913	611,459
Special Road and Bridge	31,245	1,240,326	1,146,710	124,861
Assessment	(53,932)	336,858	250,634	32,292
Law Enforcement Training	24,901	10,663	27,153	8,411
Prosecuting Attorney Training	998	1,688	1,976	710
Health Center	179,119	1,208,587	1,150,897	236,809
Capital Improvements Sales Tax	426,848	1,516,632	1,941,962	1,518
Prosecuting Attorney Delinquent Tax	22,020	10,710	11,338	21,392
Emergency Telephone Service (E-911)	208,366	449,186	390,158	267,394
Recorder's Preservation	41,895	14,116	25,648	30,363
Drug Enforcement	14,649	2,086	8,834	7,901
Veterans Road	938,913	740,320	156,848	1,522,385
Local Use Tax	307,335	0	307,335	0
L.E.P.C.	22,768	4,392	6,185	20,975
Election Services	0	217	0	217
Domestic Violence	1	2,396	2,390	7
Family Access	25	26	0	51
Associate Circuit Division, District 1, Interest	2,087	836	0	2,923
Associate Circuit Division, District 2, Interest	2,094	1,161	209	3,046
Probate Division, District 2, Interest	1,386	62	0	1,448
Juvenile Justice Center	4,878	111,288	111,332	4,834
Law Library	(1)	8,114	7,239	874
Circuit, District 1, Interest	18,938	1,365	1,619	18,684
Circuit, District 2, Interest	18,249	11,186	4,381	25,054
Total	\$ 2,509,580	8,982,789	8,548,761	2,943,608

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 9,101,458	9,900,840	799,382	8,874,059	8,846,381	(27,678)
DISBURSEMENTS	11,013,228	9,751,544	1,261,684	11,573,990	8,421,591	3,152,399
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,911,770)	149,296	2,061,066	(2,699,931)	424,790	3,124,721
CASH, JANUARY 1	2,960,533	2,886,687	(73,846)	2,534,329	2,461,948	(72,381)
CASH, DECEMBER 31	1,048,763	3,035,983	1,987,220	(165,602)	2,886,738	3,052,340
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	49,000	64,938	15,938	45,400	60,954	15,554
Sales taxes	1,450,000	1,443,606	(6,394)	1,430,000	1,427,306	(2,694)
Intergovernmental	828,000	955,793	127,793	763,000	847,989	84,989
Charges for services	645,099	649,019	3,920	609,500	615,030	5,530
Interest	23,000	34,394	11,394	14,000	22,854	8,854
Other	159,901	190,800	30,899	152,485	136,441	(16,044)
Transfers in	0	0	0	200,000	200,000	0
Total Receipts	3,155,000	3,338,550	183,550	3,214,385	3,310,574	96,189
DISBURSEMENTS						
County Commission	112,000	110,422	1,578	105,000	101,971	3,029
County Clerk	159,000	151,197	7,803	149,900	144,040	5,860
Elections	133,500	136,765	(3,265)	98,500	58,866	39,634
Buildings and grounds	191,000	143,931	47,069	185,000	125,541	59,459
Employee fringe benefits	8,500	7,336	1,164	7,500	8,229	(729)
County Treasurer	39,200	37,921	1,279	36,200	35,420	780
County Collector	174,300	169,128	5,172	182,700	174,571	8,129
Circuit Clerk I & Ex Officio Recorder of Deeds	97,000	78,296	18,704	94,700	79,116	15,584
Circuit Clerk II	25,500	22,989	2,511	23,900	15,602	8,298
Tenth Circuit Court	11,850	5,288	6,562	11,850	4,959	6,891
Associate Circuit and Probate Court	58,000	47,513	10,487	56,000	45,427	10,573
Court administration	28,450	16,890	11,560	28,450	14,631	13,819
Public Administrator	93,500	89,854	3,646	74,500	83,554	(9,054)
Sheriff	362,060	336,005	26,055	346,160	329,584	16,576
Jail	1,126,640	1,090,774	35,866	1,058,840	1,063,264	(4,424)
Prosecuting Attorney	259,500	247,375	12,125	244,000	236,752	7,248
Juvenile Officer	146,900	75,461	71,439	183,582	116,696	66,886
County Coroner	34,500	27,463	7,037	33,850	26,320	7,530
Planning and Zoning	12,900	10,391	2,509	15,400	13,643	1,757
Child Support Enforcement	60,200	60,247	(47)	55,800	56,052	(252)
Temporary Assessment Help	16,000	0	16,000	1,700	15,103	(13,403)
Postage	46,000	26,825	19,175	46,000	42,676	3,324
University Extension	46,600	46,600	0	45,000	45,000	0
Public health and welfare services	4,150	3,589	561	4,150	3,890	260
Other	178,500	114,103	64,397	364,000	155,006	208,994
Transfers out	225,000	225,000	0	0	0	0
Emergency Fund	100,000	0	100,000	100,000	0	100,000
Total Disbursements	3,750,750	3,281,363	469,387	3,552,682	2,995,913	556,769
RECEIPTS OVER (UNDER) DISBURSEMENTS	(595,750)	57,187	652,937	(338,297)	314,661	652,958
CASH, JANUARY 1	611,459	611,459	0	296,798	296,798	0
CASH, DECEMBER 31	15,709	668,646	652,937	(41,499)	611,459	652,958

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	735,000	728,432	(6,568)	575,960	703,099	127,139
Intergovernmental	456,000	525,548	69,548	479,040	505,395	26,355
Interest	12,000	18,749	6,749	7,000	11,806	4,806
Other	15,950	21,785	5,835	18,000	20,026	2,026
Total Receipts	1,218,950	1,294,514	75,564	1,080,000	1,240,326	160,326
DISBURSEMENTS						
Salaries	519,405	518,768	637	503,410	504,101	(691)
Employee fringe benefits	174,066	156,329	17,737	137,081	130,701	6,380
Supplies	93,500	78,295	15,205	97,000	60,640	36,360
Insurance	27,000	22,948	4,052	20,500	21,809	(1,309)
Road and bridge materials	221,500	101,040	120,460	211,500	21,405	190,095
Equipment repairs	195,000	40,177	154,823	175,000	61,843	113,157
Rentals	4,500	0	4,500	5,000	138	4,862
Equipment purchases	565,000	353,509	211,491	475,000	300,518	174,482
Road and bridge construction	1,500	0	1,500	1,500	309	1,191
Office expenditures	12,050	8,006	4,044	12,600	7,725	4,875
Other	57,479	33,731	23,748	47,909	37,521	10,388
Total Disbursements	1,871,000	1,312,803	558,197	1,686,500	1,146,710	539,790
RECEIPTS OVER (UNDER) DISBURSEMENTS	(652,050)	(18,289)	633,761	(606,500)	93,616	700,116
CASH, JANUARY 1	124,861	124,861	0	31,245	31,245	0
CASH, DECEMBER 31	(527,189)	106,572	633,761	(575,255)	124,861	700,116
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	229,000	231,681	2,681	206,000	223,371	17,371
Interest	5,000	5,578	578	2,000	5,095	3,095
Other	1,000	1,065	65	1,000	1,058	58
Transfers in	0	0	0	107,334	107,334	0
Total Receipts	235,000	238,324	3,324	316,334	336,858	20,524
DISBURSEMENTS						
Assessor	250,000	263,475	(13,475)	259,800	250,634	9,166
Total Disbursements	250,000	263,475	(13,475)	259,800	250,634	9,166
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,000)	(25,151)	(10,151)	56,534	86,224	29,690
CASH, JANUARY 1	106,674	32,292	(74,382)	20,540	(53,932)	(74,472)
CASH, DECEMBER 31	91,674	7,141	(84,533)	77,074	32,292	(44,782)

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	10,000	9,345	(655)	10,101	10,663	562
Total Receipts	10,000	9,345	(655)	10,101	10,663	562
DISBURSEMENTS						
Sheriff	8,625	3,249	5,376	25,000	27,153	(2,153)
Total Disbursements	8,625	3,249	5,376	25,000	27,153	(2,153)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,375	6,096	4,721	(14,899)	(16,490)	(1,591)
CASH, JANUARY 1	8,411	8,411	0	24,901	24,901	0
CASH, DECEMBER 31	9,786	14,507	4,721	10,002	8,411	(1,591)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	2,000	1,651	(349)	2,000	1,688	(312)
Total Receipts	2,000	1,651	(349)	2,000	1,688	(312)
DISBURSEMENTS						
Prosecuting Attorney	2,000	1,268	732	2,998	1,976	1,022
Total Disbursements	2,000	1,268	732	2,998	1,976	1,022
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	383	383	(998)	(288)	710
CASH, JANUARY 1	710	710	0	998	998	0
CASH, DECEMBER 31	710	1,093	383	0	710	710
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	336,000	358,899	22,899	320,000	347,374	27,374
Intergovernmental	326,535	304,403	(22,132)	263,498	229,953	(33,545)
Charges for services	545,845	680,781	134,936	632,964	611,038	(21,926)
Interest	8,000	11,681	3,681	8,000	8,617	617
Other	5,000	42,560	37,560	5,000	11,605	6,605
Total Receipts	1,221,380	1,398,324	176,944	1,229,462	1,208,587	(20,875)
DISBURSEMENTS						
Salaries	677,172	647,580	29,592	713,520	691,364	22,156
Fringe benefits	160,688	135,250	25,438	147,687	120,481	27,206
Office expenditures	62,600	64,756	(2,156)	74,000	61,048	12,952
Equipment purchases and repair	25,000	44,831	(19,831)	40,000	36,888	3,112
Mileage	41,000	38,510	2,490	44,300	39,995	4,305
Contracted services	36,620	53,248	(16,628)	32,720	35,018	(2,298)
Building payments	87,315	85,546	1,769	89,835	87,314	2,521
Medical supplies	40,000	41,935	(1,935)	50,000	40,138	9,862
Insurance	16,100	24,726	(8,626)	17,000	16,941	59
Other	74,885	83,772	(8,887)	16,900	21,710	(4,810)
Total Disbursements	1,221,380	1,220,154	1,226	1,225,962	1,150,897	75,065
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	178,170	178,170	3,500	57,690	54,190
CASH, JANUARY 1	236,809	236,809	0	179,119	179,119	0
CASH, DECEMBER 31	236,809	414,979	178,170	182,619	236,809	54,190

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENTS SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	1,450,000	1,445,884	(4,116)	1,430,000	1,428,064	(1,936)
Intergovernmental	400,000	732,387	332,387	420,150	42,162	(377,988)
Interest	12,500	11,886	(614)	15,000	12,466	(2,534)
Other	0	332	332	0	33,940	33,940
Transfers in	225,000	225,000	0	0	0	0
Total Receipts	2,087,500	2,415,489	327,989	1,865,150	1,516,632	(348,518)
DISBURSEMENTS						
Salaries	55,798	43,889	11,909	86,557	80,383	6,174
Office Expenditures	34,389	20,642	13,747	32,498	20,116	12,382
Equipment	2,000	2,114	(114)	2,000	1,836	164
Mileage and training	2,500	3,523	(1,023)	0	0	0
Buildings	448,813	450,268	(1,455)	752,543	994,977	(242,434)
Roads and bridges	999,000	964,513	34,487	840,150	346,954	493,196
Debit service	540,000	524,968	15,032	541,000	481,383	59,617
Other	2,500	3,556	(1,056)	7,250	16,313	(9,063)
Transfers out	0	0	0	30,000	0	30,000
Total Disbursements	2,085,000	2,013,473	71,527	2,291,998	1,941,962	350,036
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,500	402,016	399,516	(426,848)	(425,330)	1,518
CASH, JANUARY 1	1,518	1,518	0	426,848	426,848	0
CASH, DECEMBER 31	4,018	403,534	399,516	0	1,518	1,518
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	2,000	214	(1,786)	1,480	1,186	(294)
Charges for services	10,000	9,469	(531)	9,500	9,524	24
Total Receipts	12,000	9,683	(2,317)	10,980	10,710	(270)
DISBURSEMENTS						
Prosecuting Attorney	33,000	15,309	17,691	33,000	11,338	21,662
Total Disbursements	33,000	15,309	17,691	33,000	11,338	21,662
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,000)	(5,626)	15,374	(22,020)	(628)	21,392
CASH, JANUARY 1	21,392	21,392	0	22,020	22,020	0
CASH, DECEMBER 31	392	15,766	15,374	0	21,392	21,392
<u>EMERGENCY TELEPHONE SERVICE (E-911) FUND</u>						
RECEIPTS						
Intergovernmental	97,948	79,871	(18,077)	106,430	143,641	37,211
Charges for services	295,700	319,283	23,583	283,820	295,979	12,159
Interest	8,080	9,798	1,718	8,080	8,122	42
Other	0	356	356	0	1,444	1,444
Total Receipts	401,728	409,308	7,580	398,330	449,186	50,856
DISBURSEMENTS						
Salaries and employee benefits	310,723	283,905	26,818	327,575	297,448	30,127
Insurance	3,000	2,112	888	2,460	2,903	(443)
Equipment and maintenance agreements	46,200	43,614	2,586	17,350	16,770	580
Professional services	2,400	2,000	400	2,400	2,400	0
Office expenditures	3,200	3,366	(166)	2,900	3,193	(293)
Advertising	500	472	28	1,080	497	583
Telephone expenses	61,000	60,112	888	64,800	60,945	3,855
Other	4,000	3,757	243	4,800	6,002	(1,202)
Total Disbursements	431,023	399,338	31,685	423,365	390,158	33,207
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,295)	9,970	39,265	(25,035)	59,028	84,063
CASH, JANUARY 1	266,858	267,394	536	206,275	208,366	2,091
CASH, DECEMBER 31	237,563	277,364	39,801	181,240	267,394	86,154

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S PRESERVATION FUND</u>						
RECEIPTS						
Charges for services	10,000	10,038	38	9,000	12,560	3,560
Interest	2,000	1,932	(68)	1,000	1,556	556
Total Receipts	12,000	11,970	(30)	10,000	14,116	4,116
DISBURSEMENTS						
Ex Officio Recorder of Deeds	40,000	0	40,000	51,895	25,648	26,247
Total Disbursements	40,000	0	40,000	51,895	25,648	26,247
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,000)	11,970	39,970	(41,895)	(11,532)	30,363
CASH, JANUARY 1	30,363	30,363	0	41,895	41,895	0
CASH, DECEMBER 31	2,363	42,333	39,970	0	30,363	30,363
<u>DRUG ENFORCEMENT FUND</u>						
RECEIPTS						
Charges for services	2,000	161	(1,839)	0	2,086	2,086
Total Receipts	2,000	161	(1,839)	0	2,086	2,086
DISBURSEMENTS						
Public Safety	7,900	7,834	66	14,649	8,834	5,815
Total Disbursements	7,900	7,834	66	14,649	8,834	5,815
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,900)	(7,673)	(1,773)	(14,649)	(6,748)	7,901
CASH, JANUARY 1	7,901	7,901	0	14,649	14,649	0
CASH, DECEMBER 31	2,001	228	(1,773)	0	7,901	7,901
<u>VETERANS ROAD FUND</u>						
RECEIPTS						
Sales taxes	725,000	722,900	(2,100)	715,000	713,803	(1,197)
Interest	10,000	37,337	27,337	15,000	26,417	11,417
Other	0	0	0	0	100	100
Total Receipts	735,000	760,237	25,237	730,000	740,320	10,320
DISBURSEMENTS						
Highways and roads	1,283,000	1,218,881	64,119	1,668,913	156,848	1,512,065
Total Disbursements	1,283,000	1,218,881	64,119	1,668,913	156,848	1,512,065
RECEIPTS OVER (UNDER) DISBURSEMENTS	(548,000)	(458,644)	89,356	(938,913)	583,472	1,522,385
CASH, JANUARY 1	1,522,385	1,522,385	0	938,913	938,913	0
CASH, DECEMBER 31	974,385	1,063,741	89,356	0	1,522,385	1,522,385

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL USE TAX FUND</u>						
RECEIPTS						
Interest				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Transfers out				307,335	307,335	0
Total Disbursements				307,335	307,335	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(307,335)	(307,335)	0
CASH, JANUARY 1				307,335	307,335	0
CASH, DECEMBER 31				0	0	0
<u>L.E.P.C. FUND</u>						
RECEIPTS						
Intergovernmental	3,500	7,733	4,233	7,000	4,387	(2,613)
Other	1,000	309	(691)	0	5	5
Total Receipts	4,500	8,042	3,542	7,000	4,392	(2,608)
DISBURSEMENTS						
Office Supplies	5,000	3,462	1,538	7,768	1,063	6,705
Equipment purchase	6,500	2,682	3,818	8,500	860	7,640
Training	8,500	3,938	4,562	8,500	3,176	5,324
Mileage and registration	5,000	1,093	3,907	5,000	1,086	3,914
Total Disbursements	25,000	11,175	13,825	29,768	6,185	23,583
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,500)	(3,133)	17,367	(22,768)	(1,793)	20,975
CASH, JANUARY 1	20,975	20,975	0	22,768	22,768	0
CASH, DECEMBER 31	475	17,842	17,367	0	20,975	20,975
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	4,400	5,242	842	217	217	0
Total Receipts	4,400	5,242	842	217	217	0
DISBURSEMENTS						
Election Services	4,550	3,222	1,328	0	0	0
Total Disbursements	4,550	3,222	1,328	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	2,020	2,170	217	217	0
CASH, JANUARY 1	217	217	0	0	0	0
CASH, DECEMBER 31	67	2,237	2,170	217	217	0

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FAMILY ACCESS FUND</u>						
RECEIPTS						
Other				100	26	(74)
Total Receipts				100	26	(74)
DISBURSEMENTS						
Other				125	0	125
Total Disbursements				125	0	125
RECEIPTS OVER (UNDER) DISBURSEMENTS				(25)	26	51
CASH, JANUARY 1				25	25	0
CASH, DECEMBER 31				0	51	51

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MARION COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Marion County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Emergency Telephone Service (E-911) Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Domestic Violence Fund	2000 and 1999
Family Access Fund	2000
Associate Circuit Division, District 1, Interest Fund	2000 and 1999
Associate Circuit Division, District 2, Interest Fund	2000 and 1999
Probate Division, District 2, Interest Fund	2000 and 1999
Juvenile Justice Center Fund	2000 and 1999
Law Library Fund	2000 and 1999
Circuit, District 1, Interest Fund	2000 and 1999
Circuit, District 2, Interest Fund	2000 and 1999

Warrants issued were in excess of budgeted amounts for the Assessment Fund for the year ended December 31, 2000, and the Law Enforcement Training Fund for the year ended December 31, 1999. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Deficit budget balances are presented for the General Revenue Fund for the year ended December 31, 1999, and for the Special Road and Bridge Fund for the years ended December 31, 2000 and 1999. However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division, District 1, Interest Fund	2000 and 1999
Associate Circuit Division, District 2, Interest Fund	2000 and 1999
Probate Division, District 2, Interest Fund	2000 and 1999
Juvenile Justice Center Fund	2000 and 1999
Law Library Fund	2000 and 1999
Circuit, District 1, Interest Fund	2000 and 1999
Circuit, District 2, Interest Fund	2000 and 1999

Additionally, for the Health Center Fund and Emergency Telephone Service (E-911) Fund, the county's published financial statements for the years ended December 31, 2000 and 1999, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, the Health Center Board's, and the Emergency Telephone Service Board's (E-911) deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the county's, Health Center Board's, and Emergency Telephone Service Board's custodial banks in the county's, Health Center Board's, and Emergency Telephone Service's names.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances for the Health Center Board existed at those times although not at year-end.

Furthermore, \$100,000 of the Health Center Board's balances at December 31, 2000 and 1999, represents a refundable loan deposit which is held by the Health Center Board's bank in the bank's name. This deposit is to be returned to the board upon the final payment of the loan.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

MARION COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
	U. S. OFFICE OF NATIONAL DRUG CONTROL POLICY			
	Passed through state Department of Public Safety -			
07.unknown	High Intensity Drug Trafficking Area - SAUSA	97-HIDTA-552-03	\$ 39,880	38,809
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed through state:			
	Department of Social Services -			
10.550	Food Distribution	N/A	0	61
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS0451164W	70,500	68,859
10.559	Summer Food Service Program for Children	ERS146-0164I	1,722	1,576
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state Department of Social Services -			
14.231	Emergency Shelter Grants Program	ERO1640211	7,000	5,000
	U.S. DEPARTMENT OF JUSTICE			
	Direct program -			
16.unknown	Equitable Sharing of Seized and Forfeited Property	97-DEA-338250	0	20,528
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-064(10)	359,752	8,045
		BRO-064(17)	368,845	37,063
	Program Total		728,597	45,108
	Passed through state Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	1,443	0
	GENERAL SERVICES ADMINISTRATION			
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	816	506

Schedule

MARION COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1164L	30,337	4,900
93.268	Immunization Grants	ERO146-8164	0	6,389
		N/A	52,745	43,998
	Program Total		52,745	50,387
Department of Social Services -				
93.563	Child Support Enforcement	N/A	5,072	3,015
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-1164C	490	1,658
		PGA067-1164S	2,910	4,395
	Program Total		3,400	6,053
Department of Social Services -				
93.667	Social Services Block Grant	ERO172029	725	4,610
		ERO172099	7,873	24,622
		ERO172100	9,919	37,698
		AOC00380236	15,207	0
		SS01273	322	1,167
	Program Total		34,046	68,097
Department of Health -				
93.917	HIV Care Formula Grants	C900116001	9,518	4,097
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERO161-90039	20,053	12,821
93.945	Assistance Program for Chronic Disease Prevention and Control	C100057001	1,000	989
93.991	Preventive Health and Health Services Block Grant	N/A	624	486
93.994	Maternal and Child Health Services	ERS146-1164M	26,281	26,281
	Block Grant to the States	N/A	3,122	2,429
		AOC00380294	60,330	0
	Program Total		89,733	28,710
Total Expenditures of Federal Awards			\$ 1,096,486	360,002

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

MARION COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Marion County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Food Distribution (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services. Amounts for Donation of Federal Surplus Personal Property (CFDA 39.003) represent the estimated fair market value of property at the time of receipt.

Of the amounts for Immunization Grants (CFDA number 93.268), \$52,745 and \$43,998 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$624 and \$486 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$3,122 and \$2,429 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

<u>Federal CFDA Number</u>	<u>Program Title</u>	<u>Amount Provided</u>	
		<u>Year Ended December 31, 2000</u>	<u>1999</u>
14.231	Emergency Shelter Grants Program	7,000	5,000
16.unknown	Equitable Sharing of Seized and Forfeited Property	0	20,528

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Marion County, Missouri

Compliance

We have audited the compliance of Marion County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2000 and 1999. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Marion County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2000 and 1999.

Internal Control Over Compliance

The management of Marion County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Marion County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 7, 2001 (fieldwork completion date)

Schedule

MARION COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? yes x no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MARION COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MARION COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

98-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Commerce
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	11.300
Program Title:	Economic Development- Grant for Public Works and Infrastructure Development
Pass-Through Entity	
Identifying Number:	05-19-61046
Award Years:	1998 and 1997
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Off-System Bridge Replacement and Rehabilitation Program
Pass-Through Entity	
Identifying Number:	BRO-064(10) & BRO-064(16)
Award Years:	1998 and 1997
Questioned Costs:	Not Applicable

The county did not have procedures in place to adequately track federal assistance for preparation of the schedule of expenditures of federal awards (SEFA). The county did not prepare and submit a SEFA to the State Auditor's Office for the year ended December 31, 1997.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's Office as part of the annual budget.

Status:

Partially implemented. The county has made some improvement in preparation of this schedule; however, it still contained errors and omissions. Although this finding is not repeated in the current Schedule of Findings and Questioned Costs, the county should continue to work to prepare a complete and accurate Schedule of Expenditures of Federal Awards to submit to the State Auditor's Office as part of the annual budget.

SECTION ON OTHER MATTERS

MARION COUNTY, MISSOURI LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Marion County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 7, 2001. We also have audited the compliance of Marion County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 7, 2001.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audits of the special-purpose financial statements of Marion County and of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Associate Commissioner Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Marion County's Associate County Commissioners' salaries were each increased approximately \$7,400 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,800 for the two years December 31, 2000, should be repaid.

2. Budgetary Reporting and Procedures

Budgets were not prepared for some special revenue funds. In addition, the county did not appear to have a reasonable basis for the budgeted amounts for several funds. Budgeted projections clearly exceeded prior historical information and, as a result, the budgets lacked reasonableness and could not be used as a monitoring tool.

3. Schedule of Expenditures of Federal Awards

The county's schedule of expenditures of federal awards (SEFA) contained various errors and omissions for the years ended December 31, 2000 and 1999. The SEFA should be accurately prepared to ensure all federal awards are properly reported.

4. County Treasurer's Procedures

The Treasurer's receipt slips are not prenumbered. In addition, the Treasurer's computer system is not protected with a password, and backups of computer information are not performed.

5. Health Center's Procedures

Receipt slips are not issued for all monies received, the numerical sequence of receipt slips is not accounted for, and the composition of receipt slips is not reconciled to the composition of deposits. In addition, checks are not restrictively endorsed immediately upon receipt.

6. Sheriff's Procedures

Bank balances are not reconciled to inmate account balances (open items). In addition, the numerical sequence of receipt slips is not accounted for, and the composition of receipt slips is not reconciled to the composition of deposits.

This Letter on Other Matters is intended for the information of the management of Marion County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.